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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 21, 1999

APPLICATION OF

CAT COMMUNICATIONS
INTERNATIONAL, INC.

CASE NO. PUC990115

For a certificate of public
convenience and necessity
to provide local exchange
telecommunications services

FINAL ORDER

On September 14, 1999, CAT Communications International, Inc. ("CAT", "Applicant", or "Company"), completed an application for a certificate of public convenience and necessity ("certificate") requesting authority to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

In its application, CAT states that it is a non-facilities based reseller that proposes to provide prepaid local exchange telephone service throughout Virginia.

In order to provide this prepaid service, CAT requests waivers of Rule C 5 and certain provisions of Rule C 1 of the Rules Governing the Offering of Competitive Local Exchange Telephone Service, 20 VAC 5-400-180, ("Local Rules") requiring a new entrant, either directly or through arrangements with

others, to provide access to directory assistance, access to operator services, equal access to interLATA long distance carriers, and access to intraLATA service to all local exchange customers. The Applicant further requests a waiver of Rule D 3 c of the Local Rules, limiting the proposed rate for service provided by the new entrant not to exceed the highest of the comparable tariffed services provided by the incumbent local exchange telephone company or companies in the same local serving areas.

By Order dated October 1, 1999, the Commission directed the Applicant to provide notice to the public of its application, directed the Staff to conduct an investigation and file a Staff Report, and scheduled a public hearing to receive evidence relevant to CAT's application. By Order dated November 18, 1999, the Commission extended the time for CAT to complete publication of the notice of its application to November 22, 1999. No comments or objections were received.

On December 8, 1999, the Staff filed its report finding that the application is in compliance with the certification requirements of the Local Rules. In addition, the Staff did not object to CAT's requests for waiver from specific Local Rules for its residential monthly prepaid local service, subject to the following conditions: (i) regarding CAT's prepaid month-by-month local exchange service offering, the Company shall not be

allowed to collect customer deposits under any circumstances;

(ii) the Company shall provide audited financial statements to the Staff no later than one (1) year from the effective date of its initial tariff; (iii) regarding CAT's prepaid month-by-month local exchange service offering, the Company shall provide full disclosure to consumers about the services and features CAT will and will not furnish to subscribers of its alternative prepaid month-by-month local exchange service. Sales brochures and other marketing and advertising materials must prominently disclose that service is restricted to residential end users and customers will have no access to directory assistance, operator services, long distance, collect and third-party calls, or any other pay-for-usage services; (iv) any waivers granted to CAT in this case for its residential prepaid month-by-month local exchange service described in the Company's filing are limited solely to that service offering; (v) any waivers granted to CAT in this case for its residential prepaid month-by-month local service should be subject to revocation, alteration, or the imposition of additional conditions, such as pricing restrictions, in the event the Commission subsequently determines the service is operating improperly or is not in the public interest; (vi) any subsequent increase in the rate for CAT's prepaid month-by-month local service shall be subject to thirty (30) days' notice to the Commission, and notice to

customers provided through billing inserts or publication for two (2) consecutive weeks as display advertising in newspapers having general circulation in the areas served by the Company; and (vii) if at any time CAT begins to offer non-prepaid (standard) local service and the Company collects customer deposits for such service, said deposits shall be retained in an unaffiliated third-party escrow account until such time as the Staff or Commission determines it is no longer necessary.

A hearing was held on December 15, 1999. The Applicant filed proof of publication and proof of service as required by the October 1, 1999, and November 18, 1999, scheduling orders. At the hearing, the application, with accompanying exhibits, and the Staff Report were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that such application, as well as the requested waivers, should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) CAT Communications International, Inc. is hereby granted a certificate of public convenience and necessity, No. T-471, to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, § 56-265.4:4 of the Code of Virginia, the provisions of this Order, and the conditions set forth in the Staff Report.

(2) CAT shall file tariffs with the Division of Communications that conform with all applicable Commission rules and regulations from which the Applicant has not been granted a waiver.

(3) This case shall remain open to evaluate CAT's residential prepaid, month-by-month local exchange service.